

45th MEETING
OF THE
MARYLAND HEALTH CARE COMMISSION

Tuesday, April 22, 2003
Minutes

Chairman Wilson called the meeting to order at 1:00 P.M.

Commissioners present: Beasley, Chase, Crofoot, Etheredge, Ginsburg, Jensen, Malouf, Row, Salamon, and Taylor.

ITEM 1.

Introduction of New Commissioners

Chairman Wilson introduced Casper Taylor, former Speaker of the House. He said that Commissioner Taylor was the “father” of the legislation creating one of the predecessors to the Maryland Health Care Commission. Commissioner Taylor is a leader in promoting small group insurance market reform, electronic medical data exchange, and performance reporting for HMOs, hospitals, and nursing homes. He has taken an interest in our activities over the past ten years and will certainly be an asset in our future deliberations on health care issues.

Chairman Wilson then introduced Stephen Salamon. Commissioner Salamon is an Independent Health Insurance and Employee Benefit Broker with Heritage Financial Consultants, LLC. He has more than twenty years of experience in the insurance industry. Commissioner Salamon also serves on the National Association of Health Underwriters Leadership Team and is past president of the Baltimore Health Underwriters Association.

ITEM 2.

Approval of Minutes

Commissioner Constance Row made a motion to approve the Minutes of the March meeting of the Commission, which was seconded by Commissioner Ernest Crofoot, and unanimously approved.

ITEM 3.

Update on Commission Activities

- Data Systems and Analysis
- Health Resources
- Performance and Benefits

Ben Steffen, Deputy Director of Data Systems and Analysis, said that the update for his division was on pages one through three of the written *Update*.

Enrique Martinez-Vidal, Deputy Director of Performance and Benefits, announced that the Commission will hold a press conference at its May meeting in order to announce the release of the new hospital report card. He referred the Commissioners to the Performance and Benefits section of the *Update of Activities* for further information on the status of his division's projects.

Pamela Barclay, Deputy Director of Health Resources, referred the Commissioners to the Health Resources section of the *Update of Activities*. Copies of the *Update* were available on the documents table and on the Commission's website at: <http://www.mhcc.state.md.us/mhccinfo/cmsnmtgs/updates/>.

ITEM 4.

ACTION: CERTIFICATE OF NEED

- Certificate of Need Application from Levindale Hebrew Geriatric Center and Hospital, Inc., for 20-Bed Expansion of Special Hospital-Chronic Capacity, Docket No. 02-24-2098

Chairman Wilson noted that the Commission had four Certificate of Need actions on the agenda. Rhoda Wolfe-Carr, Health Policy Analyst, presented the request for a Certificate of Need from Levindale Hebrew Geriatric Center and Hospital, Inc., for 20-bed expansion of special hospital-chronic capacity while simultaneously delicensing 20 comprehensive care facility (CCF) nursing home beds. Levindale will not require any renovation or building costs to incorporate the 20 special hospital-chronic beds into its facility. It will be able to accommodate the proposed project in a space currently occupied by one of its comprehensive care units in its existing building. The facility met all of the criteria for approving the Certificate of Need and staff recommended that the Commission approve the application. Ms. Wolfe-Carr introduced Ron Rothstein, President, and Joel Solden, Vice President of the facility. Commissioner Crofoot made a motion to approve the Certificate of Need, which was seconded by Commissioner Evelyn Beasley, and unanimously approved.

ACTION: The Certificate of Need Application from Levindale Hebrew Geriatric Center and Hospital, Inc., for 20-Bed Expansion of Special Hospital-Chronic Capacity, Docket No. 02-24-2098 is hereby APPROVED.

- Certificate of Need Application from Johns Hopkins Hospital for Purchase of Two Patient Care Information Systems, Docket No. 02-24-2110

Lynn Garrison, Program Manager for Financial Analysis, presented information regarding the CON application from Johns Hopkins Hospital for the purchase of two patient care information systems that will support clinical care delivery. The project's total capital cost is estimated at \$27,057,566. The capital project meets all applicable State Health Plan standards and complies with the Commission's general Certificate of Need criteria. Staff recommended that the Commission approve the application. Mr. Garrison introduced Steve Mandel, Stephanie Reel, and Patty Brown from the hospital. Commissioner Crofoot made a motion to approve the Certificate of Need, which was seconded by Commissioner Beasley and unanimously approved.

ACTION: the Certificate of Need Application from Johns Hopkins Hospital for the Purchase of Two Patient Care Information Systems, Docket No. 02-24-2110, is hereby APPROVED.

- Certificate of Need Modification Request Submitted by Carroll County General Hospital, Docket No. 01-06-2079

Deborah Rajca, Health Policy Analyst, presented a CON modification request submitted by Carroll County General Hospital (CCGH). On January 21, 2003, CCGH submitted a request to modify its January 2002 CON to permit the completion of the fourth floor of the bed tower for clinical, rather than for administrative, use. The change was requested because the increase in licensed bed capacity under the statute's yearly recalculation of acute care beds permits the hospital to license 28 more beds in the completed structure at an additional capital cost of approximately \$540,000. The capital project meets all applicable State Health Plan standards and complies with the Commission's general Certificate of Need criteria. Staff recommended that the Commission approve the application. Ms. Rajca introduced David Horn, Vice President, Marketing and Business Development, Laura Resh, Director of Business Development, and Marta Harting, Counsel for Carroll County General Hospital, to the Commissioners. Commissioner Row made a motion to approve the modification, which was seconded by Vice Chairman Malouf, and unanimously approved.

ACTION: the Certificate of Need Modification Request Submitted by Carroll County General Hospital, Docket No. 01-06-2079, is hereby APPROVED.

- McCready Health Services Foundation Request for an Exemption from Certificate of Need Review for Closure of the Six-Bed Comprehensive Facility Unit at McCready Memorial Hospital

Ms. Wolfe-Carr presented McCready Health Services Foundation's request, which was made due to the "devastating effect on the financial viability of the comprehensive care facility (CCF) unit" of the 1998 change in Medicare's reimbursement for this level of care from a cost-based to a prospective payment system. Administratively, the Commission has considered the proposed closure of a medical service as a "partial closing" of an acute care hospital. McCready Health Services Foundation has demonstrated that the permanent closure of the six CCF beds operated as the subacute care unit at McCready Hospital is in the public interest, and not inconsistent with the State Health Plan. Staff recommended that the Commission approve an exemption from Certificate of Need review for this action. Ms. Wolfe-Carr introduced Ron Wood, consultant to the hospital, to the Commissioners. Commissioner Crofoot made a motion to approve the exemption, which was seconded by Commissioner Larry Ginsburg, and unanimously approved.

ACTION: McCready Health Services Foundation's Request for an Exemption from Certificate of Need Review for Closure of the Six-Bed Comprehensive Facility Unit at McCready Memorial Hospital is hereby APPROVED.

ITEM 5.

RELEASE FOR INFORMAL PUBLIC COMMENT: COMAR 10.24.01 Determination of Certificate of Need for Health Care Facilities-Proposed Modifications

- **COMAR 10.24.01.01B** – Definitions.
- **COMAR 10.24.01.03A**– Acquisition of Existing Health Care Facility.
- **COMAR 10.24.01.09** – Commission Decision and Action on Applications.
- **COMAR 10.24.01.12C** – Performance Requirements.

Chairman Wilson announced the next agenda item. Suellen Wideman, Assistant Attorney General, presented proposed draft regulatory changes. The Commission will receive informal public comment through May 22, 2003. Vice Chairman Malouf made a motion that the Commission approve the informal release of the draft regulations, which was seconded by Commissioner Row, and unanimously approved.

ACTION: COMAR 10.24.01.01B – Definitions; COMAR 10.24.01.03A – Acquisition of Existing Health Care Facility; COMAR 10.24.01.09 – Commission Decision and Action on Applications; and COMAR 10.24.01.12C – Performance Requirements are hereby released for informal public comment.

ITEM 6.

PRESENTATION: Ambulatory Surgery Data Profile

Chairman Wilson said that the Ambulatory Surgery Data Profile will profile Maryland ambulatory surgery providers in calendar year 2001 based on data collected in the Commission's annual survey of freestanding ambulatory surgery facilities and the HSCRC ambulatory surgery database for hospitals. Christine Parent, Health Policy Analyst, presented a summary of the data profile. Chairman Wilson thanked Ms. Parent for her presentation.

ITEM 7.

PRESENTATION: Drivers of Health Care Costs

Ben Steffen presented a summary of the *Spotlight on Maryland, Explaining the Growth of Private Health Care Expenditures in Maryland* that highlights causes for the 10.6% growth in private sector expenditures. Key findings included:

- Hospital spending accounts for 34% of private spending (31%) in the US). Overall growth rate of 11% (9% in US). Increased hospital spending accounted for 45% of increase.
- Sharp differences between inpatient (7%) and outpatient (18%) spending growth.
- Outpatient services account for one third of spending, but accounted for half of the spending increases.
- Inpatient hospital utilization increased by 4%, cost per stay increased by 5.4%.
- Outpatient surgeries grew by 4%, cost per stay grew by 12%. ED volume and review growth was even faster.
- Physician spending accounts for 34% of private insurance spending, 10% rate of growth. No private payer rate inflation in Maryland. Nationwide physician spending accounts for 32%, 10% rate of growth.
- Price inflation not a factor in Maryland. PPI 3.7% and the MEI was 2.5%.
- Spending on prescription drugs account for 13% of total private spending. 2001 increase was 12% versus 17% for the US. Rx spending accounted for 15% of total growth in Maryland versus 21% in the US.
- Spending on administration accounts for 13% in Maryland and 12% in the US of total private spending. 2001 increase was 10% versus 13% for the US,
- Out-of-pocket spending, including copayments, deductibles, and the cost of uncovered services, increased by 12% in 2001, slightly larger than the overall increase.
- In Maryland, the average patient prescription drug copayment jumped 25% from \$10.70 in 2000 to \$13.35 in 2001.
- Both Maryland and national premiums increased at the rate of 10-14%

Chairman Wilson thanked Mr. Steffen for his report.

ITEM 8.

PRESENTATION: Hospital Report Card Pilot Project

Chairman Wilson said that the Maryland General Assembly charged the Commission with developing and implementing a system to comparatively evaluate quality of care outcomes and performance measures of hospitals on an objective basis in 1999. Jean Moody-Williams, Chief of Facility Quality and Performance, briefed the Commission on its participation in the Center for Medicare and Medicaid Services (CMS) hospital pilot project and how it relates to Maryland's Report Card. She said that Maryland is one of three states selected to pilot test a survey instrument. The data collected from the three pilot states will be used to examine the reliability and validity of the draft measures, test the survey methodology, and identify the items that are most robust for public reporting. It is anticipated that the survey will be conducted from April through May and will be analyzed in June of this year. The standard instrument and protocol for use is scheduled for finalization in September 2003. Following completion of the pilot project, the Maryland Hospital Report Card Steering Committee will evaluate the results of the study to determine if the instrument will meet the needs of Maryland consumers and to determine the best method of incorporating the data into the existing Maryland Hospital Performance Evaluation Guide. Chairman Wilson thanked Ms. Moody-Williams for her report.

ITEM 9.

LEGISLATIVE REPORT

Chairman Wilson said that April 7th was the closing day of this year's session of the Maryland General Assembly. He thanked the staff for all of their work during the session. Mr. Martinez-Vidal reviewed the legislative activities of the Commission, particularly regarding the Commission's budget, the small group market, and the trauma bill. Chairman Wilson thanked Mr. Martinez-Vidal for his report.

ITEM 10.

Hearing and Meeting Schedule

Chairman Wilson announced that the next scheduled meeting of the Maryland Health Care Commission will be on Friday, May 16, 2003 at 4160 Patterson Avenue, Room 100, in Baltimore, Maryland at 1:00 p.m.

ITEM 9.

Adjournment

There being no further business, the meeting was adjourned at 3:00 p.m. upon motion of Vice Chairman Malouf, which was seconded by Commissioner Beasley, and unanimously approved by the Commissioners.